

looking ahead

... A monthly report by the National Planning Association on forward-looking policy planning and research—announced, underway, and completed—of importance to the nation's future

Vol. 9, No. 4

May 1961

Urban Renewal in the National Economy

by John W. Dyckman

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FOR MORE THAN TEN YEARS, the nation has been publicly committed to programs of redevelopment and renewal of our cities. In that period, the emphases of programs have changed but the conviction that renovation, rebuilding, and reshaping of our cities is a feasible undertaking has persisted. Yet this belief lacked the support of an analysis of the national income and expenditure magnitudes involved in the task.

At the request of ACTION, Reginald Isaacs and I, assisted by Peter R. Senn, undertook in 1958 to estimate the capital requirements of a national urban renewal and development program which would achieve for all cities the level of development investments which appears in the typical renewal plan or local general plan. The conclusions of this study, which were published in January of this year, form the basis for the remarks that follow.¹

The Scope of the Study

In order to test renewal against the limits of our capacity, it was decided 1) to define renewal as broadly as possible, and 2) to consider the most conservative growth picture in which renewal would conceivably be attainable. The ACTION definition of urban renewal as "the total of all the public and private actions which must be taken to provide for the continuous sound maintenance and development of the urban areas" was adopted. A number of national economic growth models were considered, and a judgment model of the least ambitious growth outlook under which renewal could be considered feasible was adopted. A major purpose in choosing this conservative growth model was that of focusing on the kinds of economic choices which must be made if renewal would be realized. By choosing relatively severe economic restraints, we attempted to focus on the opportunity costs of choosing a national renewal program.

Finally, we further limited the analysis by selecting an arbitrary target date of 1970 for the achievement of renewal program aims. The costs of the development package embodied in an ideal renewal plan were painstakingly built up from detailed estimates of actual project costs by Professor Isaacs. These costs were devel-

¹ J. W. Dyckman and R. R. Isaacs, assisted by P. R. Senn, *Capital Requirements for Urban Development and Renewal*, New York, McGraw Hill, 1961, xxvi and 534 pp., \$11.50.

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the people of NPA

"Now we are engaged . . ."

• "Our way of life was born in struggle; it has survived appalling events and has been strengthened by them; it demands no less of us today than when we ourselves were throwing off our own forms of tyranny. Those who would bury us are moving with energy, speed and sophistication. We cannot compete by consulting our comforts nor by nourishing our illusions. The contest in which we are engaged will evolve every aspect of our national life; our readiness to look to our arms, the development of our talents, the productivity of our economy, our competitive position in world trade, our mobilization of our wisdom and intellect, the quality of life in our own communities—the total fabric of our national life is engaged and is at stake."

(Excerpt from an address by Dean Rusk, Secretary of State, before the Government-Industry Conference sponsored by the National Industrial Conference Board, Inc., Washington, D. C., on February 13, 1961.)



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oped in a representative case city, whose own renewal program is relatively well advanced, and included restoring or replacing all substandard housing, schools, highways, utilities, shops, and industrial plants by 1970 and providing for needed new growth. Although the individual improvements for case city were modest, the total scope of the treatment proposed was more ambitious than any ever attempted in our country for a city of comparable size. If carried out, this treatment would entail the expenditure of an amount almost twice the value of existing property in the metropolitan area and would add property values to the tax roll at the rate of 6 percent per year. Investment at the rate of about \$580 (in 1958 dollars) per person per year would be poured into the physical plant—public and private, industrial, commercial, and residential—of the city and suburbs.

Applied on a national scale, these local renewal goals would lead to an investment bill for metropolitan areas of over 65 billion a year or nearly 800 billion dollars for the period, and a national urban renewal and development bill of over 100 billion dollars per year, totaling more than a trillion dollars for the twelve years of the projection. The present annual rate of *all* investment, government and private, is less than 100 billion per year.

These goals were compared with national estimates of the supply of investment funds which might be available to meet the program requirements. The growth of investment capital was checked against estimated income, population, spending and saving, and probable taxation. Sets of trial balances were constructed to reveal a picture of the kind of economy which would be required if such goals were to be attainable in the United States. Alternate balance sheets were drawn up to measure the differences between our present economy and one involving such plans. The implications of changes of direction in consumer and investor behavior in the economy were drawn out to test the feasibility of renewal targets.

Financing Renewal and Development

Given uninterrupted growth of the national economy, output may approach a level by 1970 which would make renewal at least mathematically possible. Two factors operate on the side of this favorable arithmetic. First, we begin this quest in a period of affluence, when many fundamental consumer needs can be met out of a comfortably small portion of the total output. Secondly, the growth proceeds from a high base. The total capital improvement at stake is not a prohibitively high portion of the income stream expected in the decade ahead, and the total amount of capital to be "renewed" is not high compared to present income.

Gross national product, in 1958 dollars, will approach 700 billion dollars by 1970 under conservative growth assumptions, and may be substantially higher. In our study, we not only chose a conservative 3 percent growth rate, but started from the relatively low point of mid-1957. If more favorable assumptions are made, it is apparent that the renewal bill is not large compared with the "growth gap." The annual difference in output between the 3 percent and the 5 percent growth model amounts to \$140 bil-

lion by 1967 and almost \$190 billion by 1970. The *total* bill could be met out of the *difference* between growth projections in this period.

But even with conservative growth expectations, total output is sufficiently large so that relatively modest shifts in expenditure could make sizable resources available for renewal. Certain allocations would be particularly important. First, public works expenditure would need rise to a level of 27 to 30 billion 1958 dollars by 1970, or almost double the 1958 outlay. Consistent with our conservative growth outlook, we explored how this expenditure could be attained with total government share of national output held to 20-22 percent, compared with the estimates of about 27 percent for many of the high-growth models. Holding to this condition we found the public works goal could be reached only by reducing the proportion of military expenditures to total government outlay to the 1941 ratio. Thus, while renewal is eminently possible under forced-draft growth, under less mobilized conditions it would be attainable only in a state of the world in which it could claim higher priority than such crash programs as armament and space exploration. Second, the share of private investment in gross national product must be maintained at a high level—at least as high as that achieved in the period 1948 to 1950—if urban renewal is not to effect a drastic revolution in land and property. The problem of finding incentives for this investment under normal enterprise conditions is perhaps the thorniest obstacle to vast renewal programs.

Both the permissive and forced-draft models, high and low growth, require a large number of internal structural adjustments in the economy. The construction industry would need to undergo dramatic expansion, from an annual level of 52 billion dollars at the end of 1958, to over 100 billion dollars in 1970. (New residential construction would need about 25 billion, residential rehabilitation about 12 billion, new private non-residential investment in the neighborhood of 45 billion, and public works, as mentioned earlier, about 27 billion.) Since this projected increase is in constant dollars, and since any such rapid growth in a single industry would lead to price inflation in that industry, the actual dollar outlays might need to be substantially larger.

Not the least of the changes would be that in the governmental administration of urban renewal itself. For renewal of this order is a far cry from the present program level. Some 500 cities now have renewal programs. If these cities were to carry out their programs as presently planned, federal funds of at least the scale of 3 billion dollars a year would be needed, according to a 1957-58 survey by the Urban Renewal Committee of the American Municipal Association.

Under existing legislation, only about 1/5 this much was spent by the federal government for renewal in 1960-61. Though 2 billion dollars for renewal projects have been authorized since the inception of the program, only half that amount, or only about 1 billion dollars, has actually been spent in more than ten years of operation of the program.

It is not surprising, therefore, that estimates of future governmental expenditure by Eckstein for the Committee

for Economic Development and Netzer in a National Bureau of Economic Research paper could not see the annual rates of renewal contributions reaching more than 0.7-1.1 billion dollars per year by 1970. Other projections, which foresee a greater expansion of public programs, have made urban renewal an important element in expanded government spending, and have called for a ten-fold increase in renewal contributions by the federal government by 1970. The Rockefeller Brothers Fund Special Studies Project Report No. 4 calls for a 7 billion dollar federal renewal outlay in 1967; Colm and Helzner in a National Planning Association paper forecast a 7.9 billion dollar rate by 1970. The ACTION renewal study assumes a substantially lower rate of federal renewal contributions, despite the ambitious total renewal undertaking.

The reason for this is found in the assumption of relatively greater participation by the private sector of the economy in the ACTION model, which is a low government spending model by comparison with some of the others. In the breakdown of case city renewal requirements, it was found that the limits of public improvement were easily reached, given the modest standards of the study, and that the existing structure of assets in urban property scheduled for renewal or development was heavily (\$7 to \$1) dominated by private holdings.

The Level and Disposition of Renewal Investment

If we seek to achieve renewal by heavy infusion of public money into the investment process, two action alternatives are confronted. One, we must devise programs for directing subsidies into the hands of private property holders without violating either equity or economic balance. Or two, we must essentially alter the relation of public interest to private interest in real property.

The justification of renewal has been made on grounds of the "neighborhood effects" of property deterioration and malfunctioning. There is virtually no meaning in renewal if it is interpreted as simply the sum of private objectives. Yet the investment needed in renewal is in large measure private investment, and these funds are free to seek new opportunities, as the notorious fluctuations in capital improvement spending attest. "Total renewal" would place heavy demands on investment: where the ratio of consumption to private capital investment would be \$4.67 to \$1 in a conservative growth, conventional economy, \$3.56 and \$3.36 respectively for low- and high-growth cases in the Rockefeller Brothers Fund 1958 report, the ratio for the combined low-growth, high renewal model would be \$3.10 to \$1. Again, this reflects the imposition of public goals on a system of private property holdings, and raises most acutely the issue of making renewal investment attractive to private developers.

Both the level and disposition of investment would need to be affected. Interest rate and credit policies may affect the total investment flow, but there is reason, supported by a study by Grebler of fluctuation in building in the 1953-58 period, to believe that supply of mortgage funds is influenced more by alternative investment de-

mands than by government credit policies. While stimulation of total investment is important to renewal, it would need to be accompanied by differential advantages accorded certain types of investment if local development plans were to be realized.

In times of relatively high investment demand, the renewal program would pose certain dangers. The most commonly suggested is that of inflation. For if the renewal program were to be carried out largely on the back of liberal credit concessions, this danger would be real. Little is known about the impact of interest rates on housing starts, but a simple arithmetical exercise demonstrates that an increase of 1% in interest at current levels is a relatively small increment on the total annual investment of 30 billion dollars in new mortgages, while a similar percentage increase in the price level on a 300 billion dollar consumer package is ten times as great.

If urban renewal is accorded lower priority than stability of the price level, it may be poor economic planning to pour billions of federal funds into the stimulation of investment in fixed capital. While renewal expenditure of the kind analyzed in our ACTION volume would contribute to the productivity of local economic activities, its principal effect would be to raise the level of consumption in those areas of collective consumption and community amenity which are widely recognized to lag behind individual consumption in our affluent society. And while 4 out of 5 dollars in our case city renewal bill would be spent on housing, industry, and commercial properties, much of that investment would be undertaken for the "neighborhood effects" on the community as a whole. As important as this investment will be in creating the kinds of communities which offer a high standard of living, one cannot escape the problem of creating appropriate incentives for such investment.

Stiff competition from other investment opportunities may be expected. Research and development expenditures which need not be expressed in plant and equipment are a good example. Research and development claimed 2 to 3 percent of GNP in 1960-61—about 14 billion dollars. If this share were to climb to 5 or 6 percent by 1970, as many economists would predict, the research and development bill would be in the neighborhood of 40 billion dollars at that date. We have not been able to estimate the share of research and development expenditure which would be reflected in plant and equipment, and would come under the rubric of urban renewal. From all indications, the amount would be small, and the investment in research personnel would constitute a competing, rather than a contributory, investment.

In addition, certain construction proposals have been omitted from our renewal and development considerations on grounds of incompatibility. For example, if the nation were to spend 30 billion on bomb shelter developments in the next decade, as suggested by some defense reports, there might be a weakening of incentives to expend 40 times that amount on renewal and development. If the probability of destructive war is sufficiently likely to justify the investment of the 30 billion, more vulnerable property above ground is hardly likely to appeal to investors as a safe investment.

National Urban Renewal Planning

In consequence, we have assumed that urban renewal on a grand scale is a peacetime project. Not only is renewal and development of this kind unattractive on the assumption of war (dispersal of cities and underground construction would then be indicated), but there is the complementary condition that renewal programs offer an attractive use of resources that might be freed by subsequent disarmament. While urban renewal for all cities would require national mobilization and national planning equally with armament programs, the total cost of renewal is little more than the cost of all defense spending programmed for the same 10 to 12 year period.

Though it would require the same order of resources, total urban renewal—as programs are presently constituted—differs economically from arms spending. Unlike direct military procurement, or even highway construction, urban renewal requires direct *private* investment on a large scale. In fact, under present programs, the governmental contribution cannot actually be made until a private developer is secured. The private investment ultimately required is 5 times the size of the public contribution. Our case analysis indicated that as the size of the programs were extended, the relative importance of the public contribution would actually decline.

National urban renewal planning would be much more difficult than national defense planning. Three important classes of control would need to be widely utilized, and closely coordinated. These are: 1) monetary policy; 2) taxation; 3) government works and direct spending programs. Credit planning which would bring priorities of renewal into balance with the goals of monetary control would need to be extremely subtle. The difficult task of maintaining low long-term interest rates and relatively high short-term interest rates is virtually a "must" for urban renewal. State and local governments will hesitate to press the needed community facilities projects if their bond issues cannot be sold at favorable prices. At the same time, private businesses will hesitate to invest in long-term plant replacement and expansion undertakings if interest rates are not favorable. Therefore, low long-term interest rates are essential to the success of the program. On the other hand, the recent concern with the gold outflow requires relatively high short-term interest rates. The maintenance of this dual interest rate policy requires the closest coordination between the Treasury and the Federal Reserve Board. At best, it is a delicate economic exercise, whose long-term feasibility is unproven.

A central mortgage and credit bank may be a useful instrument in implementing national monetary planning. Such a bank could either be a part of the central reserve investment system or an independent arm of it. Its potential role in pooling credit and reallocating it to needed areas is an essential one in the national direction of credit for urban renewal. At the moment no agency performs this direct intelligence and implementing function. This role is particularly important in the context of the differences of regional supply of mortgage funds, and the regional differences in emphasis.

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—The People of NPA—



Joseph A.
Beirne

Chase Ltd., Photo

For nearly a quarter of a century Joseph A. Beirne (pronounced: Burn), NPA Labor Committee member, President of Communications Workers of America and a vice president of AFL-CIO, has been a leader in the communications labor movement.

Born in New Jersey, Mr. Beirne, son of Irish immigrants, started work at 16, continued his education at night, first at Hudson College of St. Peter (Jersey City) then at the New York University.

In 1937, while working as an instrument repairman for the Western Electric Company's distribution department at Kearny, N.J., Mr. Beirne led in the development of the National Association of Telephone Equipment Workers. This helped to pave the way for a nation-wide federation of telephone workers, and in 1939 he entered full time union work, becoming in 1943 the head of the National Federation of Telephone Workers of America. He has headed CWA since its formation in June 1947.

In 1955, President Beirne led his union into the worldwide Postal, Telegraph and Telephone International (PTTI). The work of PTTI in combating communism at the grass-root level and promoting democratic trade unionism throughout the world appealed to Mr. Beirne's own convictions. He toured Europe, Israel, and Latin America to learn firsthand what labor organizations could do to strengthen democratic institutions. Upon his return from Latin America he was the prime mover in the establishment by the PTTI of a three-month training course in the United States for labor leaders to help build an effective anti-communist trade union movement in Latin America.

Mr. Beirne serves on a number of major AFL-CIO committees. As chairman of the Community Services Committee he was responsible for extensive relief activities on behalf of Cuban refugees who had to flee their homeland.

Named "Outstanding Young Man of the Year" by the National Junior Chamber of Commerce in 1947, Mr. Beirne served as a member of the National Wage Stabilization Board during the Korean War, and was recently appointed to the Advisory Council of the Peace Corps and the Peace Corps' Career Planning Board.

Organization of Creative Growth

by

Robert A. Solo

Robert A. Solo, currently Project Director for the NPA study of Implications of Military Research and Development for the Civilian Economy, adapted this article for Looking Ahead from his longer report on "Creative Technology and Economic Growth" published originally by The Society for International Development in International Development Review (February 1961).

IN RECENT DECADES, the focus of economics has shifted to the problem of productivity. With respect to the poorer, more primitive economies, it has been called "development," and for the more technologically advanced, it has been called "growth"; but either way, the question is how to increase the output of real values per man. Not so long ago, the universal answer to that question was "increase capital." We know now that that answer will not suffice. Recent investigations have shown, for example, that over the whole period of United States industrialization, from 1870 to date, the quantity of capital per capita remained virtually constant.

The phenomenon we have, for a century, been witnessing has not been one of capital accumulation but of change from a lower to a higher level of technological mastery. That methods of production and distribution embodying a higher level of technological mastery should require more or less capital—that is, a larger or a smaller quantum of resources immobilized in the form of producer durables—is of little consequence. Whether more or less capital is required, the essence of the change is the incorporation of the new, the unfolding of the previously unconceived, the reaching toward goals born out of man's creative genius. But that growth may require no accumulation of capital does not mean that growth is costless. The process of change itself is costly and must be paid for.

We speak of the "industrial revolution." In earlier generations it was experienced by England, France, the United States of America, and Germany. In our day Russia crossed and China is crossing its threshold. For India, Latin America, and Africa it is a great and obsessing goal.

But what can the term "industrial revolution" mean? It cannot be identified with the adoption of particular techniques, the use of particular instruments and machines, since the industrial revolutions of the various nations (England, Germany, Russia) were related to the use of quite different sets of techniques and instruments. The industrial revolution means (and this is no matter of semantics but of the nature of a real and specific historical event) a change in the ideological framework—in the attitudes and values, in the very way of comprehending phenomena—within which economic activities are carried on and technological transformations are achieved.

That transition in the ideological framework called the industrial revolution, where it initially occurred, was from

what I should term the *craft economy* to the *shop economy*. In the craft economy, techniques and processes of production evolve organically, as a Darwinian residue in the competitive survival of chance mutations. Techniques and processes are passed on, not as methods understood but as mysteries practiced, acquired by son from father, by apprentice from master, by imitation and observation, through the skin, so to speak, into the instincts. The dominant social value is continuity. The primary individual concern is status. Production and distribution are integrated into a rigid complex of tradition and ritual. Creative imagination must find its outlet elsewhere than in the performance of the economic function.

The craft economy became the shop economy. The shop economy turned production and distribution from a ritual into a study of time and motion. Techniques and forms of economic organization are made subject to imaginative manipulation, to rational choice, to planning. Activities are systematized, blueprinted. Costs are set in perpetual balance against gains. Operations become the instruments of individual ambitions. Individuals strive for self-betterment in the vortex of exchange. Self-interested individualism is the motive force. Efficiency is the universal watchword.

The craft economy became the shop economy. This was not the last transformation of the ideological framework. We are today in the midst of another economic revolution, equally profound. From shop economy or from craft economy to the economy of organization, from the individualism of the man-sized shop to the organized group—this is the current revolution. Whether Western corporations or Soviet trusts, activities of multitudes and a vast complex of economic functions are brought under an integral control. Necessarily, organization requires officialdom, bureaucracy, a plan, and the substitution of some form of collective choice for individual choice. This implies (and requires) a fundamental alteration in the framework of social values and conceptions, from entrepreneur to organization man, from inner-directed to other-directed, from individual to collective values.

To the extent that it occurs, the growth process takes place within a framework of ideas and values. Assuming the ideological framework, consider the growth process itself. Growth is in the transformation of technological systems toward *goals* that embody a greater technological mastery. For growth to continue, these goals must be perpetually renewed. A renewal of goals means the continual devising of previously unconceived relationships—that is, it requires discovery and invention.

Traditional economics has nothing to say with respect to discovery and invention. This is what would be expected, for traditional economics postulates the conditions of the shop economy, and for the shop economy, creative technological development is outside the orbit of rational choice and systematized operations. In the era of the shop

economy, flashes of genius, like flashes of lightning, happen—but they are not harnessed. Discoveries and inventions may, like war and the plague, have a profound impact on economic events, but they are not of the economy. The economy was a machine that put to use whatever good or bad fortune made available. Discovery and invention were parameters merely, matters of chance. The shop economy mobilized the knowledge and the conception that existed, but the bringing forth of conception and knowledge was not part of its system.

In the economy of organization, technological creativity has been made part of the economic system, paradoxically because organization is the bane of creativeness. Where the actions of individuals and economic activities are fitted into the precision of the plan, then, to the extent that this is done and because it is done, there can be no experimental deviation by participants. When the individual is obliged to follow the plan, his activities are in effect preordained, determined beforehand, and hence spontaneous creative choice is precluded. The plan eliminates creativity unless creativity itself is planned. Ours is not the first organizational economy. It was rather the shop economy of individual choice loosely coordinated by the mechanism of world markets that is the exception in the stream of world history. And in the many economies of organization that preceded our own, it was, characteristically, the effectiveness and perfection of organization—in ancient China, for example, or in mercantilist France—that stifled the capacity for creative change.

Ours is not the first economy of organization, but it is the first to organize creative growth. It is the first to make discovery and invention into a controlled process, the process called *research*. This has been the revolutionary contribution of the new transition. The bane has become the boon. To organize the inventive and developmental activities and capacities is to rescue them from the play of mere chance. It becomes possible for the first time deliberately to search out, to cultivate, and to harness creative capacities. For the first time invention and discovery become processes, subject to control, subject to direction, subject to rationalization, and, qua processes, open to an unlimited creative development.

It is vital to recognize the value of science. It is equally important to understand that there is no god—Science—who delivers good things unto those who perform the rituals of research. Research is no priestly ritual but is a process that, properly understood, is in direct contradistinction to the notion of science as a mystical absolute. The very value of this process is that it makes technological creativity and development purposeful (with goals to be chosen reasonably), accountable (with efforts and results subject to evaluation), and rational (with energies to be directed where their utility is likely to be greatest).



Theories of Economic Growth

STUDENTS of the current economic scene who believe that economic growth has become a central issue of economics only in recent decades will correct their views after perusal of *Theories of Economic Growth*.^{*} Growth was of focal interest to economists from the times of the mercantilists, cameralists, and physiocrats to those of Adam Smith, the classicists and neoclassicists. Most of the contributions to this book are the result of a joint seminar held at Dartmouth College in 1956 under the auspices of the Social Science Research Council. It is a scholarly book that relates the ideas of economic growth held by various economists through the centuries to their economic thinking as a whole, and to some extent also to the economic conditions of their time.

Interesting as the book is for the student of economic doctrines, only to a minor extent does it provide insights and guidelines for economists engaged in the study of current problems of growth analysis and growth policies. Some of the authors point out with great candor why theories conceived in the past—and to some extent those of the present—fail to provide tools for practical application. Thus, one of the authors states, for example:

With the ideal requirements of growth theory in mind, it is true *ex post* that neoclassical authors did mislead ensuing generations of economists in important respects. The techniques taken from mathematics were so demanding of the data that the necessity of employing operationally defined variables and identifiable relationships was often forgotten. All too frequently, empirically meaningless theorems were produced. (p. 160)

This partly negative conclusion by no means detracts from the value of the book for an understanding of the development of growth theories and particularly for an understanding of the lack of an operational growth theory. It serves to emphasize the need for analytic and empirical work to provide tools which can aid in solving the burning problem of economic development.

—Gerhard Colm

^{*}*Theories of Economic Growth*, edited by Bert F. Hoselitz, with contributions by Henry J. Bruton, John Buttrick, Bert F. Hoselitz, J. M. Letiche, Erskine McKinley, and Joseph J. Spengler; The Free Press of Glencoe, Illinois, 1960, 344 pp., \$7.50.

New UNESCO Directory

The publication of an international directory of educational publishers and producers of teaching aids is scheduled for 1962 by UNESCO, following a survey undertaken this year. A useful work of reference for both educators and publishers, the new directory will serve to promote collaboration among publishers in different countries and help to improve the exchange of information on textbooks and teaching materials across national boundaries.

(*UNESCO Chronicle*, January 1961.)

Recent NPA Publications

NPA Associate Members are entitled to a 25% discount on the following three new publications:

IBM in France, by Boyd France. This is the tenth case study in the series on U.S. Business Performance Abroad. In contrast to earlier studies which surveyed operations of U.S. business in less developed economies, this report examines the contribution that the subsidiary of a well-known American corporation has made to the continued economic and social progress of one of the world's most mature economies. Illustrated, 108 pp., \$1.00.

The Rise of Chronic Unemployment, an NPA Joint Statement. This Statement, signed by 69 members of NPA's Board of Trustees and Standing Committees, analyzes the growth of chronic or structural unemployment that has occurred over the last ten years, despite recovery periods. The United States, the Statement asserts, must face up to this problem and specific measures should be adopted to combat it. 44 pp., \$1.00.

The Presidential Staff, by Joseph I. Coffey and Vincent P. Rock. This Planning Pamphlet, No. 112 in NPA's series, surveys the role the Presidential staff should play in the "new approach to the Presidency" the authors believe is required by our times. 104 pp., \$1.75.

The following book will be available to NPA members on a special discount basis as follows: Associate Members—25% discount; Library and Subscribing Members—30% discount; National Council, Company and Group Members, and Individual Members contributing \$25 or more a year—40% discount.

Coexistence: Economic Challenge and Response, by Henry G. Aubrey. This eighth and final study of the NPA Special Project on the Economics of Competitive Coexistence is written by the Project's Director. It surveys the economic Cold War between East and West and calls upon the West to meet the challenge with autonomous policies designed to recapture the initiative in the contest. Cloth bound, index, 340 pp., \$5.00.

A Changing Society and Consumer Demands

THE STANFORD RESEARCH INSTITUTE of Menlo Park, California, recently sponsored a research program "designed to identify and evaluate impacts of changes in technology and economics on the long-range growth possibilities of companies." The results, published by SRI Long Range Planning Report Service, are interesting for businessmen and anthropologists alike.

The study suggests that the next decade will witness a radical—and upgrading—change in the individual values of American people.

The characteristically American concept of *self-betterment* which in the past decade found its expression in the acquisition of material status symbols of "success" will be

expressed in the 1960s through "individualistic self-realization." With the emergence of a large, prosperous, pace-setting group of families, status attainment through consumption will no longer suffice, and people will turn toward intellectual activities, work in the public interest and the general pursuit of excellence.

Emphasis on *the family* as a unit, noticeable progressively since World War II, will be even stronger in the 1960s. More money and more time will be devoted to family-centered activities.

Freer concepts of *play and work* have already replaced the old Puritan attitude. But ever growing emphasis on recreation and leisure will open up new markets. Outdoor recreation gains at the expense of spectator sports.

The *role of women* in American society continues to evolve assigning to women an ever-growing culture-bearing responsibility. The impact is likely to be profound and will be manifested in design preference and in more emphasis on health, education, and art.

In the battle between *conformity and individuality* the scales are weighted in favor of individuality. "Large groups are consciously turning from mass conformity" which until now used to underlie most mass markets in America.

Finally, the *security* value remains as strong as ever in American society, is reflected in concern with pension payments, social security, job stability, and in seeking jobs with established big business rather than seeking challenge, risk and possible dramatic success.

(*Research for Industry*, Stanford Research Institute, March-April, 1961.)

(Continued from page 4)

Taxation, as every entrepreneur knows, has become an important element in contemporary investment strategy. The management of tax policy, therefore, can be an important instrument in achieving renewal objectives. For example, if present renewal plans are to be effectuated, tax relief should be provided for the renter, or many of the central city renewal schemes will be impeded. Similarly, more liberal depreciation allowances for plant investment carried out under renewal plans, selective relaxation of capital gains taxes on property used in renewal, and other forms of tax relief may be utilized to advance renewal programs.

A greater share of the tax dollar must be allocated to state and local governments if they are to play a prominent part in urban renewal. Because of the hodgepodge tax policies and division of services between communities in any metropolitan area, the diversion of funds to local governments runs heavy risks of creating further imbalances, and jeopardizing an orderly pattern of metropolitan renewal. Perhaps a federal tax commission could be created which would work out a pattern of assistance for state and local communities based on the elimination of overlap and waste, on reallocation so as to equalize benefits, and on subsidiary relief for genuinely impoverished areas. Such a commission might provide a first step in the revitalization of depressed communities which presently lack resources to achieve a favorable fiscal structure on which future financial effort may be based.

Looking Ahead

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The Case for Renewal

All of these devices have assumed that urban renewal enjoys high national priority. There is greater justification for facing the issue of this priority directly, than for attempting to hitch renewal to the kite of counter-cyclical public works programming. For though urban renewal has certain advantages in such use—the chief of which is the high labor input in dollar output of construction, and consequent high employment multiplier for construction investment—there are serious reservations about the use of urban renewal as an anti-depression measure. The most weighty of these is the major time lag involved in planning the investment, and in bringing construction to final completion. If a recession is prolonged, these obstacles may be overcome, particularly if we have the foresight to have on hand an updating of the old concept of a "shelf of public works." A modern conception would take the form of detailed community renewal plans, with well-determined priorities. Effective advance programming would require local plans of all communities desiring

to participate, and would provide the programming of local priorities in such a way as to preserve local values while respecting the superior order of national needs.

Ultimately, however, the case for renewal rests on the great potential of U.S. productive capacity, and on the long-time neglect of urban environmental amenities. Renewal must be pursued because of its value and urgency to our industrial society; it must represent economic "welfare" in the best sense of the word.

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Vol. 9, No. 4



May 1961

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